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C O N F I D E N T I A L SECTION 01 OF 03 DJIBOUTI 000965

SIPDIS

STATE FOR AF, AF/E, DRL, AND EB
LONDON/PARIS FOR AFRICA WATCHER

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SUBJECT: STRIKES AT DJIBOUTI PORT AND RUMORS OF EMBASSY
INVOLVEMENT

Classified By: Pol/Econ Erinn C. Stott for reasons 1.4 (b)
and (d).

1. (C) Summary: On September 14, the Port of Djibouti's general union, Union of Port Workers (UTP), launched a strike denouncing what it called "catastrophic management of the port's Human Resources Division." Further protests took place on September 24th following a breakdown in mediations and resulted in the arrest of 167 workers. A primary cause of the strike is a build-up of anger among Djiboutian port workers over operational changes implemented since management of Djibouti Port was taken over by Dubai Ports International (DPI) in 2000. The discontent may also have its origins in larger, unsettled political issues that continue to pierce Djibouti's social fabric -- such as tribal "advantage" and opposition participation in governance. Pol/Econ officer's coincidental presence at the port for a meeting on the day of the strike fueled a rumor -- possibly initiated by UTP for its advantage-- that she had supported the striking workers. Ambassador raised the rumor of U.S. sanctioning of the port strike with the Foreign Minister, who advised that he had not given it any substance. (septel to follow) End summary.

2. (C) During the last four months, disagreements between the Port of Djibouti's general union, the Union of Port Workers (UTP) and Dubai Ports International (DPI), the Dubai-based company which manages the port, have escalated over management procedures and rights of workers. DPI has tried to modernize the port's Human Resources management; however, its new methods did not fit with the legacy of the French system of law in the Djiboutian labor code, which gives more protection to workers. The first contact between labor and management was on June 30, 2005, when the Minister of Transport and the Minister of Labor first addressed social discontent in the port. On August 14, the two sides began negotiations over various issues, but talks dissolved over the manner in which allowances were being calculated into wages, the perceived "haughty" character of management and other issues. On September 7, UTP decided to launch a strike after facing what it termed "continuous harassment" from port management. The strike was scheduled for September 14.

3. (C) On September 14, the day of the strike, port management downgraded the positions of three people active in the strike. The reasons for the downgrades are unknown. On the same day, Prime Minister Dileita, acting in the absence of President Guelleh who was attending UNGA in New York, initiated a process to bring the two sides back to the negotiating table. On September 17, the strike was suspended to hold a one-week mediation. On the 24th, UTP decided that port management did not consider its Union as a serious interlocutor and recommenced its strike as an unlimited, general strike -- as opposed to a focused section-by-section strike. Meanwhile, the port claimed that during the strike it lost five million dollars per day. (Note: Embassy sources indicate that these numbers may be exaggerated because information available does not compute properly to break down annual profit to figures close to this amount. End note.)

4. (C) The real issue that divides the parties is likely the difference between DPI's management focus and long-standing French-based tradition. On one hand, DPI uses a modern concept of management that supports the latest procedures in managing human resources. On the other hand, Djibouti is operating under the Labor Convention of 1973 put in place during the colonial era. UTP wants to protect a requirement that employees receive three-months' notice prior to dismissal. DPI is reluctant to implement such practices due to the considerable burden it would place on efficient port management. In a press release, Abdourahman Borreh, President of the Port and Free Zone Authority called the strike "illegal because the employees had no serious claims to present and paralyzed a vital public enterprise in an irresponsible way." The statement continued that "the employees failed to favor the interest of the collective and preferred their personal interests." He threatened to punish in an extreme manner any employee attempting to impede the economic development of the nation. Seventeen workers were dismissed on September 25 because of "serious and grave professional faults." (Comment: Information available to post indicates these firings may be retribution for the strike. End comment.) The 17 cases were transferred to the

National Prosecutor on September 28.

15. (C) Rumors about town assert that the UTP is backed by a "foreign power" such as France or the United States. Other rumors assert that the U.S. Embassy was inciting or encouraging the strikes. This reached as high as the Ministry of Presidential Affairs and the Ministry of Foreign Affairs. There were several allegations that Embassy personnel, namely the Pol/Econ officer, were seen at the port on the days of the strikes. Embassy sources within the Union of Djiboutian Workers (UDT) said that Djibouti's National Security Service (NSS) had asked UTP delegates "why the U.S. was talking to them? What did the U.S. want? Did the U.S. offer bribes in exchange for striking?" In a meeting 9/29 with Minister of Foreign Affairs Mahmoud Ali Yousuf (reported septel), Ambassador raised with the Minister the existence of the rumors and emphatically denied U.S. Embassy involvement in the port strike. She noted, however, Embassy efforts to finalize its 2005 Human Rights Report and officers' efforts to be as inclusive as possible in fact-gathering. The Minister responded that he had heard these rumors but had not taken them as of substance. Instead, he attributed the strike to the difficulties workers are having grappling with requirements that will take port operations to a new, more efficient level. (Comment: These rumors may have their origin, actually, in the UTP. UTP leaders may have chosen to interpret Embassy officers' meeting with them, for purely informational purposes, as a show of support for strike efforts. End comment.)

16. (U) Eleven UTP members and delegates were dismissed for cause and arrested as a result of the strike. They are:

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Ahmed Ali Aramis, Secretary General of UTP
Ali Ibrahim Darar, Deputy Secretary General of UTP
Mohamed Ahmed Mohamed, Personnel Delegate
Ibrahim Moussa Sultan, Personnel Delegate
Kamil Mohamed Ali, Personnel Delegate
Samira Hassan Mohamed, Personnel Delegate
Djibril Houssein Walieh, Personnel Delegate
Mohamed Abdillahi Dirieh, Advisor to the Secretary General of UTP
Moustapha Abchir Egueh, Member UTP
Mohamed Abdillahi Omar, Member UTP
Koulmiyeh Houssein, Member UTP

17. (C) Embassy sources told Regional Security Officer (RSO) on September 27, that 25 additional firings had taken place. A UTP official confirmed that 24 persons were dismissed from their positions on the 27th. This same source indicated that the second strike occurred to protest the dismissal of 11 workers on the day of the first strike. The exact reasons for dismissal are unknown.

18. (C) Comment: The port of Djibouti is seen by the Government of Djibouti as its principal economic lifeline. Any serious efforts at national revitalization, income generation, business development and investment from outside will depend, for the long-term, on the port's viability. Realizing this, Djibouti took a giant step to improve the port's operational effectiveness by placing management responsibilities in the hands of a company with an already proven track record in Dubai for efficiency -- DPI. To achieve the same in Djibouti, especially greater fiscal profitability for the Djibouti port, DPI is mandating serious adjustments in behavior, privileges, rights and responsibilities of port workers. These adjustments are not necessarily in parity with long-standing port practices. From simple measures such as banning the chewing of qat during working hours, to more serious measures such as longer worker hours, the government of Djibouti is supporting "positive change" as a way to win investor confidence. DPI's practices are a difficult pill for many port workers to swallow and therein may lie the source of their discontent.

19. (C) Comment continued: The discontent may also have its origins in larger, unsettled political issues that continue to pierce Djibouti's social fabric -- such as perceived tribal "advantage" and opposition participation in government. The Government of Djibouti realizes the existence of these larger issues and worries about public manifestations of social discontent stoking the fires of these unsettled issues.

110. (C) Comment continued: It is also clear that the Government of Djibouti is very sensitive about human rights and how its support, or non-support, of such rights are played out in the U.S. annual Human Rights Report. Debt cancellation or Millennium Challenge Account eligibility issues could be affected by a negative report -- especially on governance. Therein may lie the origins of discontent within some quarters of the Djiboutian government-- especially in the presidency -- about the perceived actions of the embassy Pol/Econ officer. The officer's inquiries may have been seen as too pointed for comfort and too inclusive of those who harbor special grievance against the current

government.

11. (C) Comment continued: It is important to note as well the inherent weakness of a labor institution such as UTP in Djibouti. It is not surprising then that it may have perceived an advantage in trying to make the most, politically, of its American encounter. Post will continue to monitor the port situation, including getting the input of DPI's general manager (who has been in Dubai on consultations) on how he sees the way forward at the port in the short and long-term. End comment.
RAGSDALE